

Message Text

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ORIGIN XMB-07

INFO OCT-01 ARA-16 ISO-00 AID-20 CIAE-00 COME-00 EB-11

FRB-03 INR-11 NSAE-00 RSC-01 TRSE-00 OPIC-12 SP-03

CIEP-03 LAB-06 SIL-01 OMB-01 PA-04 PRS-01 USIA-15

/116 R

66618

DRAFTED BY XMB:AMOHANIAN/RLS

APPROVED BY EB/OCA/REP:LAKLIEFORTH

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EB/IFD/ODF:EMLINTON

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R 252125Z SEP 74

FM SECSTATE WASHDC

TO AMEMBASSY MEXICO

UNCLAS STATE 211595

E.O. 11652: N/A

TAGS: APUB, MX

SUBJECT: PRESS RELEASE ON EXIMBANK CREDIT TO MEXICO

FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON THE
DIRECT CREDIT OF \$6,277,500 TO TEREFTALATOS MEXICANOS
S.A. OF MEXICO, D.F. RELEASE IS SCHEDULED FOR ANNOUNCEMENT
HERE IN WASHINGTON, D.C. FOR A.M. PAPERS, WEDNESDAY,
OCTOBER 9, 1974.

QUOTE: EXIMBANK CREDIT OF \$6,277,500 SUPPORTS \$14 MILLION
SALE OF U.S. EQUIPMENT FOR TEREPHTHALIC ACID PLANT IN
MEXICO

TO HELP FINANCE A \$13,950,000 SALE OF U.S. EQUIPMENT AND
SERVICES REQUIRED FOR CONSTRUCTION OF A 135,000 TONS PER
YEAR PURIFIED TEREPHTHALIC ACID PLANT IN MEXICO, THE
BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK OF THE UNITED
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STATES HAS AUTHORIZED A DIRECT CREDIT OF \$6,277,500 TO

FINANCE 45 PERCENT OF THE TOTAL U.S. COSTS, ACCORDING TO EXIMBANK'S CHAIRMAN WILLIAM J. CASEY. A CREDIT OF \$6,277,500 FROM PRIVATE SOURCES NOT YET DESIGNATED WILL COVER ANOTHER 45 PERCENT OF THE U.S. COSTS. THE OBLIGOR, TEREFTALATOS MEXICANOS S.A. OF MEXICO, D.F., WILL MAKE CASH PAYMENT OF THE BALANCE OF THE U.S. COSTS OF 10 PERCENT OR \$1,395,000.

THE PROJECT IS FOR CONSTRUCTION OF A 135,000 TONS PER YEAR PLANT IN COSOLAEAGUE, STATE OF VERA CRUZ, TO MANUFACTURE PURIFIED TEREPHTHALIC ACID, WHICH IS USED IN THE MANUFACTURE OF POLYESTER FIBERS.

ARTHUR G. MCKEE COMPANY OF CLEVELAND, OHIO, WILL HANDLE THE ENGINEERING AND CONSTRUCTION MANAGEMENT. THE BASIC TECHNOLOGY WILL BE SUPPLIED BY STANDARD OIL (INDIANA) THROUGH ITS SUBSIDIARY AMOCO CHEMICAL CORPORATION. EQUIPMENT AND SERVICES TO BE PURCHASED IN THE U.S. INCLUDE REACTORS, TANKS, AND OTHER EQUIPMENT, SPARE PARTS, BASIC ENGINEERING DESIGN AND START-UP ASSISTANCE.

THE LOANS ARE TO BE REPAID IN 16 SEMIANNUAL INSTALLMENTS BEGINNING AUGUST 10, 1977. EXIMBANK'S DIRECT CREDIT OF \$6,277,500 WILL BE REPAID OUT OF THE LAST 8 INSTALLMENTS AT AN INTEREST RATE OF 8 PERCENT, WHICH WHEN BLENDED WITH THE PORTION OF THE CREDIT FROM PRIVATE SOURCES RESULTS IN AN ESTIMATED INTEREST COST TO THE BORROWER OF ABOUT 9.45 PERCENT TO 9.70 PERCENT PER ANNUM. UNQUOTE. KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 25 SEP 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE211595
Document Source: CORE
Document Unique ID: 00
Drafter: AMOHANIAN/RLS
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740271-0045
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740914/aaaaalpl.tel
Line Count: 90
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN XMB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: martinjw
Review Comment: n/a
Review Content Flags:
Review Date: 19 MAR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <19 MAR 2002 by maustmc>; APPROVED <04 FEB 2003 by martinjw>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PRESS RELEASE ON EXIMBANK CREDIT TO MEXICO FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON THE
TAGS: APUB, MX
To: MEXICO
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005